

INTRODUCTION

The Office of Internal Audit performed an audit of Barry/Eaton County FIA for the period October 1, 1999 through November 30, 2000. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Barry/Eaton County FIA had 87 full time equated positions (FTE's) at the time of our review. Barry/Eaton County FIA provided assistance to an average 4,881 recipients per month during FY 2000, with total assistance payments of \$6,167,461 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Barry/Eaton County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts	Cash Disbursements
Procurement Card	General Ledger
Modified Accrual Basis Balance Sheet	Safe and Controlled Documents
EBT Cards	Medical Transportation
State Emergency Relief (SER)	Employment Support Services
Client Processing	CIS/ASSIST
IRS Information Security	Payroll and Timekeeping

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Barry/Eaton County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization.

LOCAL OFFICE RESPONSE

The management of Barry/Eaton FIA has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated April 23, 2001 that they are in general agreement with the report.

FINDINGS AND RECOMMENDATIONS

Medical Transportation

1. Eaton/Barry County FIA incorrectly charged the Volunteer Services account for most of the Medical Transportation mileage. Medical Transportation mileage should have been charged to the Medical Transportation Account.

WE RECOMMEND that Barry/Eaton County FIA charge the Medical Transportation Account for all Medical Transportation mileage.

Payment Authorization Files

2. Barry/Eaton County FIA did not have most of the Supplemental Payment Authorizations (FIA-13) or screen dumps in the Fiscal Office. We were able to find the FIA-13's or screen dumps in the client case files. The Fiscal Office should retain copies of all FIA-13's or screen dumps for use in the reconciliation process, and to provide documentation for the Supplemental Payments issued.

WE RECOMMEND that Barry/Eaton County FIA Fiscal Office maintain a file of all FIA 13's and screen dumps used as documentation for Supplemental Payments.